

REFERENCE TITLE: **property tax valuation limits**

State of Arizona
House of Representatives
Forty-ninth Legislature
First Regular Session
2009

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Introduced by
Representatives Mason: Biggs, Boone, Driggs, Goodale

A CONCURRENT RESOLUTION

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX,
SECTIONS 8, 8.1, 18 AND 19, CONSTITUTION OF ARIZONA; RELATING TO PROPERTY
TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the House of Representatives of the State of Arizona, the
2 Senate concurring:

3 1. Article IX, sections 8, 8.1, 18 and 19, Constitution of Arizona,
4 are proposed to be amended as follows if approved by the voters and on
5 proclamation of the Governor:

6 8. Local debt limits: assent of taxpayers

7 Section 8. (1) No county, city, town, school district, or
8 other municipal corporation shall for any purpose become
9 indebted in any manner to an amount exceeding six per ~~centum~~
10 ~~CENT~~ of the taxable property in such county, city, town, school
11 district, or other municipal corporation, without the assent of
12 a majority of the ~~property taxpayers, who must also in all~~
13 ~~respects be~~ qualified electors, therein voting at an election
14 provided by law to be held for that purpose, the value of the
15 taxable property therein to be ascertained by the last
16 assessment for state and county purposes, previous to incurring
17 such indebtedness; except, that in incorporated cities and towns
18 assessments shall be taken from the last assessment for city or
19 town purposes; provided, that under no circumstances shall any
20 county or school district become indebted to an amount exceeding
21 fifteen per ~~centum~~ ~~CENT~~ of such taxable property, as shown by
22 the last assessment roll thereof; and provided further, that any
23 incorporated city or town, with such assent, may be allowed to
24 become indebted to a larger amount, but not exceeding twenty per
25 ~~centum~~ ~~CENT~~ additional, for supplying such city or town with
26 water, artificial light, or sewers, when the works for supplying
27 such water, light, or sewers are or shall be owned and
28 controlled by the municipality, and for the acquisition and
29 development by the incorporated city or town of land or
30 interests therein for open space preserves, parks, playgrounds
31 and recreational facilities, public safety, law enforcement,
32 fire and emergency services facilities and streets and
33 transportation facilities.

34 (2) The provisions of section 18, subsections (3), (4),
35 AND (5) ~~and (6)~~ of this article shall not apply to this section.

36 8.1. Unified school district debt limit

37 Section 8.1. (1) Notwithstanding the provisions of
38 section 8 of this article a unified school district may become
39 indebted to an amount not exceeding thirty per cent of the
40 taxable property of the school district, as shown by the last
41 assessment roll thereof. For purposes of this section, a
42 unified school district is a single school district which
43 provides education to the area within the district for grades
44 kindergarten through twelve and which area is not subject to
45 taxation by any other common or high school district.

1 (2) The provisions of section 18, subsections (3), (4),~~—~~
2 AND (5) ~~and (6)~~ of this article shall not apply to this section.

3 18. Residential ad valorem tax limits: limit on
4 increase in values: definitions

5 Section 18. (1) The maximum amount of ad valorem taxes
6 that may be collected from residential property in any tax year
7 shall not exceed one per cent of the property's full cash value
8 as limited by this section.

9 (2) The limitation provided in subsection (1) does not
10 apply to:
11 ~~(a) ad valorem taxes or special assessments levied to pay~~
12 the principal of and interest and redemption charges on bonded
13 indebtedness or other lawful long-term obligations issued or
14 incurred BEFORE JANUARY 1, 2011 for a specific purpose.

15 ~~(b) Ad valorem taxes or assessments levied by or for~~
16 ~~property improvement assessment districts, improvement districts~~
17 ~~and other special purpose districts other than counties, cities,~~
18 ~~towns, school districts and community college districts.~~

19 ~~(c) Ad valorem taxes levied pursuant to an election to~~
20 ~~exceed a budget, expenditure or tax limitation.~~

21 (3) Except as otherwise provided by subsections (5),~~—~~ AND
22 (6) ~~and (7) of this section~~ the value of real property and
23 improvements and the value of mobile homes used for all ad
24 valorem taxes except those specified in subsection (2) shall be
25 the lesser of the full cash value of the property or an amount
26 ~~ten~~ FIVE per cent greater than the value of property determined
27 pursuant to this subsection for the prior year ~~or an amount~~
28 ~~equal to the value of property determined pursuant to this~~
29 ~~subsection for the prior year plus one fourth of the difference~~
30 ~~between such value and the full cash value of the property for~~
31 ~~current tax year, whichever is greater.~~

32 (4) The legislature shall by law provide a method of
33 determining the value, subject to the provisions of subsection
34 (3), of new property.

35 (5) The limitation on increases in the value of property
36 prescribed in subsection (3) does not apply to equalization
37 orders that the legislature specifically exempts by law from
38 such limitation.

39 ~~(6) Subsection (3) does not apply to:~~

40 ~~(a) Property used in the business of patented or~~
41 ~~unpatented producing mines and the mills and the smelters~~
42 ~~operated in connection with the mines.~~

43 ~~(b) Producing oil, gas and geothermal interests.~~

1 (c) Real property, improvements thereto and personal
2 property used thereon used in the operation of telephone,
3 telegraph, gas, water and electric utility companies.

4 (d) Aircraft that is regularly scheduled and operated by
5 an airline company for the primary purpose of carrying persons
6 or property for hire in interstate, intrastate or international
7 transportation.

8 (e) Standing timber.

9 (f) Property used in the operation of pipelines.

10 (g) Personal property regardless of use except mobile
11 homes.

12 (7) (6) A resident of this state who is sixty-five years
13 of age or older may apply to the county assessor for a property
14 valuation protection option on the person's primary residence,
15 including not more than ten acres of undeveloped appurtenant
16 land. To be eligible for the property valuation protection
17 option, the resident shall make application and furnish
18 documentation required by the assessor on or before September 1.
19 If the resident fails to file the application on or before
20 September 1, the assessor shall process the application for the
21 subsequent year. If the resident files an application with the
22 assessor on or before September 1, the assessor shall notify the
23 resident whether the application is accepted or denied on or
24 before December 1. The resident may apply for a property
25 valuation protection option after residing in the primary
26 residence for two years. If one person owns the property, the
27 person's total income from all sources including nontaxable
28 income shall not exceed four hundred per cent of the
29 supplemental security income benefit rate established by section
30 1611(b)(1) of the social security act. If the property is owned
31 by two or more persons, including a husband and wife, at least
32 one of the owners must be sixty-five years of age or older and
33 the owners' combined total income from all sources including
34 nontaxable income shall not exceed five hundred per cent of the
35 supplemental security income benefit rate established by section
36 1611(b)(1) of the social security act. The assessor shall
37 review the owner's income qualifications on a triennial basis
38 and shall use the owner's average total income during the
39 previous three years for the review. If the county assessor
40 approves a property valuation protection option, the value of
41 the primary residence shall remain fixed at the full cash value
42 in effect during the year the property valuation protection
43 option is filed and as long as the owner remains eligible. To
44 remain eligible, the county assessor shall require a qualifying
45 resident to reapply for the property valuation protection option

1 every three years and shall send a notice of reapplication to
2 qualifying residents six months before the three year
3 reapplication requirement. If title to the property is conveyed
4 to any person who does not qualify for the property valuation
5 protection option, the property valuation protection option
6 terminates, and the property shall revert to its current full
7 cash value.

8 ~~(7)~~ (7) The legislature shall provide by law a system of
9 property taxation consistent with the provisions of this
10 section.

11 ~~(9)~~ (8) For purposes of this section:

12 (a) "Owner" means the owner of record of the property and
13 includes a person who owns the majority beneficial interest of a
14 living trust.

15 (b) "Primary residence" means all owner occupied real
16 property and improvements to that real property in this state
17 that is a single family home, condominium, townhouse or an owner
18 occupied mobile home and that is used for residential purposes.

19 19. Limitation on annual increases in local ad
20 valorem tax levies: exceptions

21 Section 19. (1) The maximum amount of ad valorem taxes
22 levied by any county, city, town or community college district
23 shall not exceed an amount two per cent greater than the amount
24 levied in the preceding year.

25 (2) The limitation prescribed by subsection (1) does not
26 apply to:

27 ~~(a)~~ ad valorem taxes or special assessments levied to pay
28 the principal of and the interest and redemption charges on
29 bonded indebtedness or other lawful long-term obligations issued
30 or incurred BEFORE JANUARY 1, 2011 for a specific purpose.

31 ~~(b) Ad valorem taxes or assessments levied by or for
32 property improvement assessment districts, improvement districts
33 and other special purpose districts other than counties, cities,
34 towns and community college districts.~~

35 ~~(c) Ad valorem taxes levied by counties for support of
36 school districts.~~

37 (3) This section applies to all tax years beginning after
38 December 31, 1981.

39 (4) The limitation prescribed by subsection (1) shall be
40 increased each year to the maximum permissible limit, whether or
41 not the political subdivision actually levies ad valorem taxes
42 to such amounts, except that beginning in 2007 the limitation
43 prescribed by subsection (1) shall be computed from the actual
44 tax levy of the county, city, town or community college district
45 in 2005.

1 (5) The voters, in the manner prescribed by law, may
2 elect to allow ad valorem taxation in excess of the limitation
3 prescribed by this section.

4 (6) The limitation prescribed by subsection (1) of this
5 section shall be increased by the amount of ad valorem taxes
6 levied against property not subject to taxation in the prior
7 year and shall be decreased by the amount of ad valorem taxes
8 levied against property subject to taxation in the prior year
9 and not subject to taxation in the current year. Such amounts
10 of ad valorem taxes shall be computed using the rate applied to
11 property not subject to this subsection.

12 (7) The legislature shall provide by law for the
13 implementation of this section.

14 2. The Secretary of State shall submit this proposition to the voters
15 at the next general election as provided by article XXI, Constitution of
16 Arizona.